On November 24, 2014 L. 4308/2014 which introduced the “Greek Accounting Standards in domestic legislation, was published in the Government Gazette.

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A. General Introductory Comments

The new GAAP consist of eight chapters, forty articles and four annexes, abolishing the current Code of Tax Reporting of Transactions ("CTRT"), replacing the applicable for three decades Greek GAAP ("GAAP"), and simultaneously abolishing the accounting provisions of codified Law 2190/1920.

Following the enactment of Law 4308/2014, the Ministry of Finance issued the Ministerial Circular 1003/2014 with respect to the new provisions regulating the general rule on the keeping of accounting books and records.

Interpretive guidance on the application of the new accounting standards is expected, namely the implementation of the new accounting standards for the reporting and measurement of assets and liabilities.

Key aspects that require attention are:

- The form of the financial statements that the entities need to prepare is amended.

- The rules for the measurement of assets and liabilities of the entities are amended. The new rules for measurement as well as the form of the financial statements have common points with the International Financial Reporting Standards (IFRS).

- Several simplifications and exemptions depending on the size of entities are adopted.

- The obligation to monitor the tax basis in addition to the accounting basis of the revenues, expenses, assets, liabilities and equity is introduced.

- New time frames are introduced with regard to the invoicing of products sold and the services provided.
B. The new Law 4308/2014 at a glance

- The Presidential Decree 1123/1980 (the Greek GAAP), the accounting provisions of the Codified Law 2190/1920 and the Code of Tax Reporting of Transactions ("CTRT") are abolished. In replacement of the aforementioned, the new Greek Accounting Standards (GAAP) are introduced.

- The subject entities have the option to use alternatively the chart of accounts in force on 31.12.2014. The said entities are obliged though to make the necessary adjustments and additions to the chart of accounts kept until 31.12.2014 in order to meet the requirements of the present Law and their information needs.

- The range of the entities that are required to follow the International Financial Reporting Standards (IFRS) is broadened. The public interest entities have to prepare their financial statements under IFRS. As public interest entities are considered the insurance and reinsurance enterprises, the credit institutions as well as the entities defined by law as of public interest.

- A classification of the entities is introduced, based on the total assets, the net turnover amount at the balance sheet date as well as the average number of their employees in these during the tax period.

- The terms "accounting records" and "supporting documentation" are introduced, which in fact replace the terms "bookkeeping" and "books and records" that were applicable in the past.

- The entities have to provide all data and information needed, detailed and summarized, for ease of any future audit. The new framework however is not as detailed and descriptive as to what should these data be.

- The obligation of the entity’s accounting system to monitor the accounting basis as well as the tax basis of the documentation regarding revenue, expenses, assets, liabilities and equity is introduced. This obligation in combination with the introduction of new rules with regard to the measurement of assets and liabilities leads to the need to identify the differences between the accounting and the tax basis and their reporting to the entity's accounting system.
The obligation for the monitoring and documentation of inventories traded (and not only of the goods sold), either by the issuance of a shipping document, or by an invoice or by a receipt (when inventories are sold) is introduced.

No particular place for the maintenance and safeguarding of records and supporting documentation has been designated, and thus the latter can be kept and stored anywhere, even during the current period, provided they can be made available to the audit, if requested.

It is now possible not to indicate in the invoice the kind and extent of the services provided, under the condition that such indications arise from other supporting documents (e.g. Contracts, agreements, etc.).

The possibility for the sales of goods and services to be invoiced by the 15th day of the month following such sale or provision of services is also introduced. The date stated on the invoice, is the date of the issuance. The invoice must indicate the extent, the type of service and the date that the delivery of goods or services has taken place or has been completed.

The real transactions are reported in accordance with the principle of accrual (e.g. if the relevant supporting document has not been received by the time of the transaction) and the liability will be reported by the issuance/receipt of the supporting document.

It is provided that, in cases of ongoing sales of goods or services rendered or during a construction project, the invoice shall be issued by the 15th day of the month following the day that part of the relevant fee becomes payable for the already provided goods or services.

The financial statements that should be prepared by the subject to the present Law entities are determined according to their size (very small, small, medium and large entities). New models of financial statements are adopted.

The medium and large entities have to prepare the Statement of Changes in Equity, which replaces the Profit Distribution Table, the Statement of Financial Position, the Income Statement and the Appendix. Large entities must prepare additionally the Cash Flow Statement.

Under the applicable principle, the items of the financial statements should be booked and be reported after taking into account the economic substance of the transactions and events. It is adopted therefore the principle that the economic substance rather than the form of the transaction should be reported («substance over form»). In such cases consideration
should be given to the respective tax basis of the supporting
documentation reported.

- The entities that prepare their financial statements under the
  provisions of the present Law are provided with the possibility
to seek interpretative guidance by the relevant IFRS, to the
extent that the provisions of those standards are consistent to
the present Law.

- New conditions are introduced with regard to the
categorization of assets and liabilities and their reporting, as
fair value, value in use, measurement, recoverable amount.

- A basic principle is established, under which assets and
  liabilities are recognized initially at cost and subsequently it is
also required to perform a measurement of these assets and
liabilities (e.g. impairment test).

- The concept of discounting future values (present value) is
introduced by adopting financial conditions and practices that
were not incorporated in the Greek GAAP, valid until

- It is provided the possibility of measurement of certain assets
  and liabilities, to be conducted on the fair value (not on the
acquisition cost).

- The accrual principle for revenue recognition is adopted, while
  revenue recognition time is specified for the revenue derived
from the use of fixed assets from third parties (regarding
interest, dividends and royalties), the provision of services and
the construction contracts.

- Simplifications and exemptions are applicable for very small
  entities.

- Articles 90 to 107 of Codified Law 2190/1920, under which
  obligations concerning the preparation of consolidated
accounts (consolidated financial statements) were set out, are
abolished for periods beginning as of December 31, 2014 and
new rules are provided for the drafting of consolidated
financial statements.

- Relevant simplifications are provided for a smooth transition
  and first application of the provisions of the present law.